Scottish & Newcastle Limited

Directors' Report and Accounts

31 December 2010

Registered in Scotland, number SC016288

DIRECTORS' REPORT

Directors' report for the year ended 31 December 2010

The directors present their report and the audited financial statements of the company for the year ended 31 December 2010.

Principal activities

The principal activity of the company during the year was that of a holding company.

Financial review

The operating loss for the year was £0.2m (Year ended 31 December 2009 – profit of £6.1m). The operating loss is due largely to impairment of the company plane prior to it being sold, partly offset by refunds of income tax on expatriate employees and the release of historic provisions. The profit after taxation for the year amounted to £10.8m (Year ended 31 December 2009 - profit of £179.0m).

Whilst a number of the company's dormant subsidiaries were dissolved in the year, there were no changes to the company's principal holdings and the primary activity of holding the investment in Heineken UK Limited remained unchanged. The other main balance sheet items are intergroup receivables and payables and external loans. Management do not use any KPIs to monitor performance other than the figures included in the profit and loss and balance sheet, as the company is a non-trading holding company which does not generate a significant operating profit. The directors do not recommend the payment of an ordinary dividend.

Directors

The directors who held office during the year and to the date of approval of the accounts were as follows:

G Colquhoun	
A J Den Elzen	
J C Low	
J F M L Van Boxmeer	(resigned 19/01/2010)
W J Payne	(appointed 16/02/2010)
C Tedford	(appointed 24/02/2010)
K L Forbes	(appointed 05/03/2010)
A L Oliver	(appointed 08/02/2010)
R Pring	(appointed 06/12/2010)
S Orlowski	(appointed 06/12/2010)

Employee relations and involvement

The company is firmly committed to the principles of employee involvement. A full range of briefing, consultation and bargaining arrangements have been developed in all parts of the company and these are subject to continuous review and improvement.

Disabled persons

Full and fair consideration has been given to applications for employment made by disabled persons and appropriate training, career development and promotion have been provided in all cases. Employees who become disabled and unable to continue in their existing jobs are given the opportunity to be retrained for suitable alternative employment.

Financial Risk Management Policy

The main risks associated with the company's financial assets and liabilities are set out below.

Interest rate risk

The company benefits from the management of interest rate risk being undertaken at parent company level and therefore interest rate risk is viewed at a Group level.

Price risk

There is no significant exposure to changes in the carrying value of financial liabilities and assets because all of these bear interest at floating rates.

Liquidity risk

The company benefits from the management of liquidity risk being undertaken at parent company level. It therefore primarily obtains any new funding required from other group companies. Its bank accounts form part of the Group offset arrangements.

Foreign currency risk

The company benefits from the management of foreign currency risk being undertaken at parent company level. The company hedges its overseas investments by way of currency denominated liabilities.

Future Developments

The company expects to continue as the holding company of Heineken UK Ltd and protect and maintain the trademarks of the company.

Political and charitable contributions

The company made no political contributions or charitable contributions during the year (year ended 31 December 2009 - £nil).

Statement of disclosure of information to Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

A J Den Elzen
Director

2-4 Broadway Park
South Gyle
Edinburgh
EH12 9JZ

7 April 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH & NEWCASTLE LIMITED

We have audited the financial statements of Scottish & Newcastle Limited for the year ended 31 December 2010 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mike Maloney (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

8 April 2011

Profit and Loss Account
For the year ended 31 December 2010

	Note	Year ended 31 December 2010 £m	Year ended 31 December 2009 £m
Net operating (costs)/income	2	(0.2)	6.1
Operating (loss)/gain		(0.2)	6.1
Gain on disposal of investments		-	25.9
(Loss)/Gain on ordinary activities before interest		**(0.2)**	**32.0**
Dividend income from subsidiaries and joint ventures		11.6	172.7
Interest payable and similar charges	5	(2.0)	(67.1)
Profit on ordinary activities before taxation		**9.4**	**137.6**
Tax credit on profit on ordinary activities	6	1.4	41.4
Profit attributable to ordinary shareholders retained	16	**10.8**	**179.0**

Statement of Total Recognised Gains and Losses
For the year ended 31 December 2010

There are no recognised gains and losses for the current and preceding financial year other than the profit of £10.8m (year ended 31 December 2009 – profit of £179.0m) shown above.

Scottish & Newcastle Limited

Registered number SC016288

Balance Sheet
At 31 December 2010

	Note	31 December 2010 £m	31 December 2010 £m	31 December 2009 £m	31 December 2009 £m
Fixed assets					
Tangible assets	7		0.6		6.5
Investments in joint ventures	8		17.4		17.4
Other investments	8		4,005.7		4,015.1
			4,023.7		4,039.0
Current assets					
Debtors	9	1,915.1		3,598.0	
Cash		31.7		21.3	
		1,946.8		3,619.3	
Creditors: amounts falling due within one year	11	(2,088.9)		(3,755.8)	
Net current liabilities			(142.1)		(136.5)
Total assets less current liabilities			3,881.6		3,902.4
Creditors: amounts falling due after more than one year	12		(937.0)		(964.4)
Provisions for liabilities and charges	13		(11.4)		(16.6)
NET ASSETS			**2,933.2**		**2,921.5**
Capital and reserves					
Called up share capital	14		192.9		193.1
Share Premium Account	15		1,391.6		1,391.4
Capital Redemption Reserve	16		72.4		72.4
Merger Reserve	16		286.0		286.0
Hedging Reserve	16		-		(0.9)
Other Reserves	16		118.4		118.4
Profit and loss account	16		871.9		861.1
SHAREHOLDERS' FUNDS			**2,933.2**		**2,921.5**

These accounts were approved by the Board of Directors on 7 April 2011 and were signed on its behalf by:

A J Den Elzen
Director

Notes to the accounts

1. Accounting Policies

Basis of preparation
The accounts are prepared in accordance with applicable United Kingdom Accounting Standards and as a going concern on the basis that there is a letter of support from the ultimate holding company to cover the period from twelve months of the date of signing these accounts.

The company has taken advantage of exemptions under FRS1 and has not prepared a cash flow statement.

The company has taken advantage of exemptions under FRS8 and has not disclosed certain related party transactions.

The company is exempt from the requirement to prepare consolidated accounts under Section 405 of the Companies Act 2006. The financial statements presented are therefore for the company only.

Depreciation
The company records fixed assets initially at cost. Freehold land is not depreciated, however, the carrying value is reviewed each year to ensure that there is no impairment. Plant and machinery is depreciated to residual value over the remaining useful life of each item. Depreciation on plant and machinery is over an average period of 10 years. Due to the nature of the equipment, and the annual costs incurred maintaining its condition, the residual value is currently above the depreciated historic cost. All maintenance costs are charged to the Profit and Loss account immediately as incurred.

Pension and other post retirement benefits
Employees of Scottish & Newcastle Ltd are members of the Scottish & Newcastle Ltd Group pension schemes, which cover several companies in the group. It is not possible to identify the share of assets and liabilities relating to individual companies. Consequently in Scottish & Newcastle Ltd the pension schemes are accounted for as defined contribution schemes. Amounts charged to profits represent the contribution payable to the scheme in the period.

Interest
Revenue is recognised as interest accrues using the effective interest method.

Foreign currencies
Gains and losses arising from foreign currency transactions are included in the profit and loss account.

Leases
Operating lease payments and receipts are taken to the profit and loss account on a straight line basis over the life of the lease.

Deferred taxation
Deferred taxation is provided, without discounting, on all timing differences which have originated but not reversed at the balance sheet date except for those which should not be recognised under FRS19, calculated at the enacted rates at which it is estimated that tax will be payable. Deferred taxation assets are only recognised to the extent that it is more likely than not that they will be recovered.

Provision for liabilities
A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Derivative financial instruments and hedging
The company uses cross currency interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations.
The company has applied FRS 26 "Financial Instruments Measurement" and as such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract

is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of the derivative instruments is determined by reference to market values for similar instruments.

For those derivatives designated as hedges and for which hedge accounting is applied, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective.

For the purposes of hedge accounting, hedges are classified as:
- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a probable forecast transaction.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the profit and loss account. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship as follows:

Fair value hedges

For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is re-measured at fair value and gains and losses from both are taken to the profit or loss. For hedged items carried at amortised cost, the adjustment is amortised through the profit and loss account such that it is fully amortised by maturity. When an unrecognised firm commitment is designated as a hedged item, this gives rise to an asset or liability in the balance sheet, representing the cumulative change in the fair value of the firm commitment attributable to the hedged risk.

The company discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the company revokes the designation.

Cash flow hedges

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred to the profit and loss account when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If a forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs and are transferred to the profit and loss account or to the initial carrying amount of a non-financial asset or liability as above. If the related transaction is not expected to occur, the amount is taken to profit or loss.

Notes to the accounts (continued)

2. Net operating costs/(income)

	Year ended 31 December 2010 £m	Year ended 31 December 2009 £m
Staff (income)/costs	(0.7)	0.8
Depreciation	0.1	0.1
Exceptional impairment of plane	1.7	-
Other operating income	(0.3)	(0.4)
Exceptional income – redundancy release	(0.2)	(1.4)
Exceptional operating (income)/costs – provisions	(0.4)	2.3
Other exceptional operating (income)	-	(7.5)
	0.2	(6.1)

The staff income reflects the net receipt of £0.9m of refunds from the overpayment of income tax for expatriate staff in prior years.
The company plane was sold in the year after being impaired by £1.7m to reflect its revised market value.
The exceptional income in relation to redundancy costs in 2009 and 2010 represents the release of an over-provision for redundancy payments, after some employees opted to remain in employment rather than take a redundancy package.
The income in relation to provision relates to the settlement of some onerous lease obligations.

Fees in respect of audit services were £0.1m (Year ended 31 December 2009 - £0.1m).
Fees in respect of services provided by the auditors for non-audit services were £nil (Year ended 31 December 2009 - £nil).

3. Remuneration of Directors

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Salaries and other benefits	12	585

Highest paid director:

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Emoluments	3	403
Accrued pension benefit	6	-

The majority of the directors' salaries were paid by the Company's subsidiary, Heineken UK Ltd. The highest paid director exercised no share options during the year (2009 – nil).

Retirement benefits are accruing to 7 (2009: 6) directors under a defined benefit scheme.

Notes to the accounts (continued)

4. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was 12 (Year ended 31 December 2009 – 7).

The aggregate cost of these persons was £0.2m, which was offset by net tax rebate income of £0.9m (Year ended 31 December 2009 – cost of £0.8m) which can be analysed as follows:

	Year ended 31 December 2010 £m	Year ended 31 December 2009 £m
Wages and salaries	0.1	0.1
Social security	(0.9)	0.7
Pension costs	0.1	-
	(0.7)	0.8

Scottish & Newcastle Ltd Group Pension

The Scottish & Newcastle Ltd Group funds a number of pension schemes which are administered through independent trusts. The main Group schemes are defined benefit schemes and a full actuarial valuation of the main schemes was carried out at 31 October 2009. The actuarial valuation has been updated to 31 December 2010 by qualified independent actuaries.

The principal assumptions used in valuing the schemes were as follows:

	At 31 December 2010	At 31 December 2009
Rate of increase in salaries	4.6%	4.8%
Rate of increase in pensions (LPI 5%)	3.25%	3.4%
Rate of increase in pensions (LPI 3%)	2.55%	2.6%
Discount rate	5.4%	5.65%
Inflation rate - RPI	3.35%	3.55%
Inflation rate - CPI	2.85%	-

Notes to the accounts (continued)

The weighted average asset allocation was as follows:

	At 31 December 2010 %	At 31 December 2010 £m	At 31 December 2009 %	At 31 December 2009 £m
Equities	50.0	1,109.0	53.0	1,073.1
Bonds	43.0	964.8	41.0	831.7
Real estate	5.0	115.9	5.0	101.5
Other	2.0	42.2	1.0	19.5
Total market value of assets		2,231.9		2,025.8
Present value of scheme liabilities		(2,644.7)		(2,568.0)
Deficit in the scheme		(412.8)		(542.2)

To develop the expected long term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return of each asset class was then weighted based on the target asset allocation to develop the expected long term rate of return on assets assumption for the portfolio. This resulted in the selection of the 6.25% assumption as at 31 December 2010 (Year ended 31 December 2009 – 5.67%).

5. Interest payable and similar charges

	Year ended 31 December 2010 £m	Year ended 31 December 2009 £m
Interest payable to subsidiary undertakings	(44.1)	(118.8)
Interest payable on bank overdrafts	(0.1)	(0.5)
Other interest payable	(43.7)	(61.3)
Loss on interest rate swaps	-	(1.1)
	(87.9)	(181.7)
Interest receivable from subsidiary undertakings	68.8	114.5
Other interest receivable	0.6	0.1
Gain on interest rate swaps	11.8	-
Forex gain on interest rate swaps	4.7	-
Net interest payable	(2.0)	(67.1)

6. Taxation on profit/(loss) on ordinary activities

		Year ended 31 December 2010 £m	Year ended 31 December 2009 £m
(i) Tax credit			
Group relief	- current year credit	(13.6)	(12.8)
	- prior year charge/(credit)	4.7	(37.0)
		(8.9)	(49.8)
Deferred tax	- current year	7.0	1.7
	- prior year adjustment	0.5	6.7
		(1.4)	(41.4)

(ii) Tax reconciliation	Year ended 31 December 2010 £m	Year ended 31 December 2009 £m
Profit on ordinary activities before taxation	9.4	137.6
Notional tax charge at UK corporation tax rate of 28%	2.6	38.5
Permanent items	0.9	0.2
Non taxable income	(3.3)	(55.6)
Fixed assets and other timing differences	(6.9)	(2.2)
Capital gains	-	6.3
Transfer pricing adjustment	(6.9)	-
Adjustments to previous year	4.7	(37.0)
Current tax credit	(8.9)	(49.8)

7. Tangible fixed assets

	Land and Buildings £m	Plant, vehicles and equipment £m	Total £m
Cost or valuation			
At 31 December 2009	0.5	7.2	7.7
Disposals	-	(6.0)	(6.0)
At 31 December 2010	**0.5**	**1.2**	**1.7**
Depreciation			
At 31 December 2009	(0.1)	(1.1)	(1.2)
Charge for year	-	(0.1)	(0.1)
Impairment	-	(1.7)	(1.7)
Disposals	-	1.9	1.9
At 31 December 2010	**(0.1)**	**(1.0)**	**(1.1)**
Net book value			
At 31 December 2009	0.4	6.1	6.5
At 31 December 2010	**0.4**	**0.2**	**0.6**

Notes to the accounts (continued)

8. Investments

	Investment in subsidiaries	Investment in associates/joint ventures	Total
	£m	£m	£m
Cost			
At 31 December 2009	4,032.1	17.4	4,049.5
Disposals	(4.1)	-	(4.1)
Dissolution of subsidiaries/JVs	(22.3)	-	(22.3)
At 31 December 2010	**4,005.7**	**17.4**	**4,023.1**
Impairment			
At 31 December 2009	(17.0)	-	(17.0)
Reversal of impairment on dissolution	17.0	-	17.0
At 31 December 2010	-	-	-
Net book value			
At 31 December 2009	4,015.1	17.4	4,032.5
At 31 December 2010	**4,005.7**	**17.4**	**4,023.1**

The company's principal subsidiary is:

	Country of incorporation	Country of operation	% of equity holding
Heineken UK Limited	Scotland	United Kingdom	100

The company's joint venture interests are:

- a 50% holding in the share capital of Public House Company Limited, a company that is registered in England and operates in the UK.

Notes to the accounts (continued)

9. Debtors

	31 December 2010 £m	31 December 2009 £m
Prepayments and accrued income	-	3.4
Derivatives	16.5	0.3
Amounts owed by subsidiary undertakings	1,816.4	3,474.7
Current Tax – Group relief	72.7	97.7
Current Tax – Overseas tax	-	0.2
Deferred Tax (Note 10)	9.4	15.9
Other debtors	0.1	5.8
	1,915.1	3,598.0

Derivatives includes £16.5m (31 December 2009 - £0.3m) due after more than one year. The deferred tax is recoverable after more than one year.

10. Deferred tax

	31 December 2010 £m	31 December 2009 £m
Accelerated capital allowances	4.6	4.3
Other timing differences	4.8	11.6
	9.4	15.9
Unprovided deferred tax		
Losses	11.5	10.0

Deferred tax assets have not been provided on losses carried forward of £41.2m (31 December 2009 - £35.8m) as it is not probable that future taxable profits will be available to utilise the losses.

Change to corporation tax rate

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011. The Budget on 25 March 2011 announced an incremental rate reduction from 27% to 26% to apply from 1 April 2011. This will reduce the company's future tax charge accordingly. The reduction to 27% has been reflected in the deferred taxation asset. The impact of the reduction to 26% will be approximately £0.3m.

Notes to the accounts (continued)

11. Creditors: amounts falling due within one year

	31 December 2010 £m	31 December 2009 £m
Bank overdrafts	21.0	107.0
Other creditors	4.4	7.0
Accruals and deferred income	1.4	5.9
Derivatives	1.4	52.9
Amounts due to joint ventures	17.5	18.4
Amounts due to subsidiary undertakings	2,043.2	3,564.6
	2,088.9	3,755.8

The bank overdrafts are unsecured.

The company is a participant in group banking netting arrangements. Bank overdrafts have been netted against surplus cash balances as allowed under the netting agreement.

12. Creditors: amounts falling due after more than one year

	31 December 2010 £m	31 December 2009 £m
Bank loans due between one and two years	-	-
Bank loans due between two and five years	785.9	538.7
Bank loans due after more than five years	1.2	198.2
Derivatives	149.9	227.5
	937.0	964.4

Details of loans not wholly repayable within five years are as follows:

	31 December 2010 £m	31 December 2009 £m
6 month LIBOR -0.75% Loan Notes repayable at 31 December 2018	1.2	1.7
5.43% US Dollar Private Placement of $300m repayable on 18 May 2015	-	196.5
	1.2	198.2

13. Provisions for liabilities and charges

	Reorganisation £m	Onerous leases £m	Other £m	Total £m
Balance at 31 December 2009	1.3	14.0	1.3	16.6
Profit and loss account	(0.2)	(0.4)	-	(0.6)
Utilised during the year	(0.7)	(3.9)	-	(4.6)
Balance at 31 December 2010	0.4	9.7	1.3	11.4

The remaining reorganisation provision will be utilised within one year and the majority of the onerous leases provision will be utilised within five years.

14. Called up share capital

Authorised	Number of shares		Amount	
	31 December 2010 m	31 December 2009 m	31 December 2010 £m	31 December 2009 £m
Ordinary shares of £0.20 each	1,300.0	1,300.0	260.0	260.0
	1,300.0	1,300.0	260.0	260.0

	Number of shares		Amount	
Allotted, called up & fully paid	31 December 2010 m	31 December 2009 m	31 December 2010 £m	31 December 2009 £m
Ordinary shares of £0.20 each	964.3	964.3	193.1	193.1
Reduction in issued shares (see below)	-	-	(0.2)	-
	964.3	964.3	192.9	193.1

In 2009, share capital included an estimate relating to share options exercised post acquisition by Heineken N.V. in April 2008. In 2010 an exercise was performed to true up the actual amount of these options converted into share capital. This has resulted in the reduction in issued share capital of £0.2m shown above, with a corresponding increase in share premium.

15. Reconciliation of movements in share capital

	Share Capital £m	Share Premium £m	Total £m
As at 31 December 2009	193.1	1,391.4	1,584.5
Transfer following true up of share options exercised post-acquisition (see Note 14)	(0.2)	0.2	-
As at 31 December 2010	192.9	1,391.6	1,584.5

Notes to the accounts (continued)

16. Reconciliation of movements in reserves

	Capital Redemption Reserve £m	Merger Reserve £m	Hedging Reserve £m	Other reserves £m	Profit and Loss Account £m	Total £m
At 31 December 2009	72.4	286.0	(0.9)	118.4	861.1	1,337.0
Transferred to profit and loss on cash flow hedges	-	-	0.9	-	-	0.9
Profit for year retained	-	-	-	-	10.8	10.8
At 31 December 2010	72.4	286.0	-	118.4	871.9	1,348.7

17. Commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land & Buildings 31 December 2010 £m	Land & Buildings 31 December 2009 £m
Operating leases which expire:		
Within one year	-	-
Within two to five years	-	-
Over five years	1.6	1.4
	1.6	1.4

18. Joint Ventures & Associates

There were no sales or purchases made with Joint Ventures or Associates during 2009 or 2010.

No assets were either sold or purchased from Joint Ventures or Associates during 2009 or 2010.

19. Parent company

The ultimate parent undertaking at the balance sheet date, which was also the parent for the largest group of undertakings for which group accounts were drawn up and of which the company was a member, was Heineken N.V, a company registered in The Netherlands. Group accounts for this company may be obtained from the Company Secretary, Heineken N.V., Tweede Weteringplantsoen 21, 1017 ZD, Amsterdam, The Netherlands.